

New World Resources

Digging deeper – analyst seminar

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Goal of the seminar

- Although the level of understanding of our operations in the analyst community is high, we would like to address selected Company-specific areas in order to improve the understanding of NWR's operations.
- Following the seminar we held in November 2009 on Regional Pricing and Market Dynamics, this seminar is focused on how the Company's operations are reflected in the Company's financial reporting.

Agenda

- Introduction
- Overview of NWR disclosure
- Segments
- Operating costs
- Exposure to FX
- Currency hedging
- Financial expenses
- Taxes
- Seasonality & cyclicality
- Production-Sales-Inventories
- CAPEX
- Summary
- Discussion

Introduction

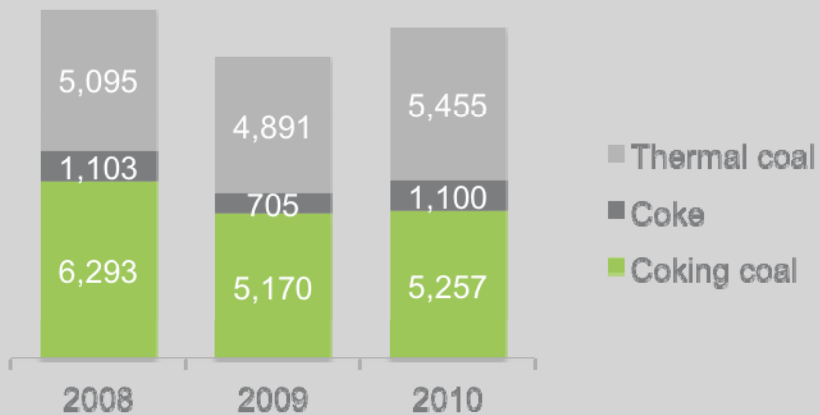
- NWR produces quality coking coal, thermal coal and coke from assets in the Czech Republic for the steel and energy sectors in the CEE.
- Principal subsidiary OKD is the Czech Republic's only hard coal mining company and second largest private employer.
- Subsidiary OKK is Europe's largest producer of foundry coke.
- Strategically located within the CEE supplying to a blue chip customer base including Arcelor Mittal, CEZ, Dalkia, U.S. Steel and voestalpine.
- Four active mines in the Czech Republic.
- Two development projects in Poland, monitoring Poland and Ukraine for M&A opportunities.
- 396Mt of coal reserves as at 1 January 2011.
- Incorporated in the UK and recently included in FTSE 250.

Overview of NWR disclosure

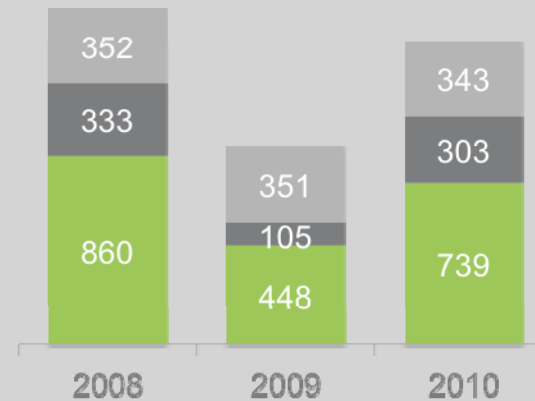
- Three listings (LSE, PSE, WSE) and two bonds traded on the Irish Stock Exchange.
- Reporting principally governed by FSA's Listing Rules.
- Company reports on the UK Corporate Governance Code on a comply or explain basis.
- Quarterly reporting; calendar year end 31 December.
- Reporting currency: EUR; Operational currency: CZK.
- In conjunction with the results press release, NWR issues an Operating Financial Review (OFR) each quarter as a requirement of the Indentures.
- NWR introduced detailed segmental reporting in 2010.
- Quarterly trading updates including pricing announcements have been introduced this year.

NWR KPIs

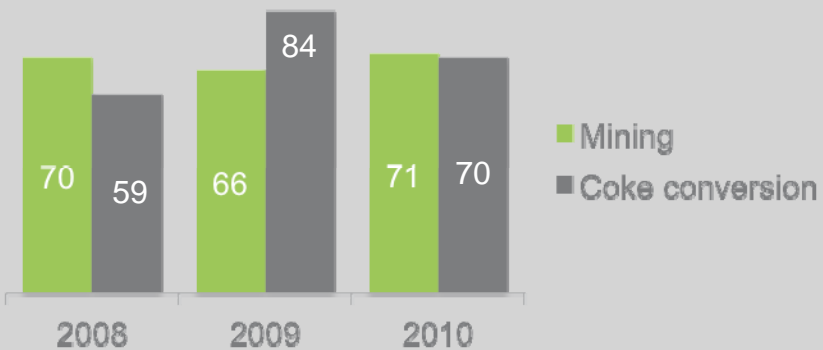
External sales volumes (kt)



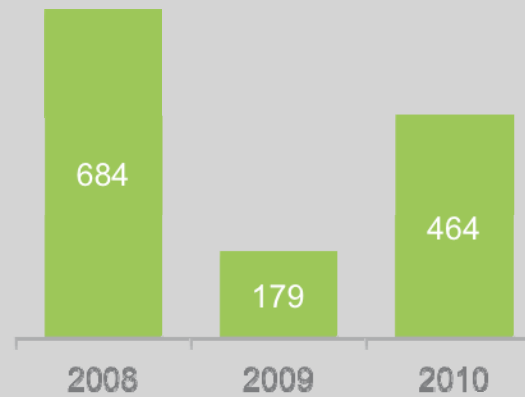
Revenues (EUR mln)



Unit costs (EUR/t)



EBITDA (EUR mln)



Segments

	Coal segment	Coke segment	NWR Consolidated
Entities included	OKD, NWR Karbonia	OKK	
Revenues included	<ul style="list-style-type: none"> ▪ Coking coal (incl. internal sales) ▪ Thermal coal ▪ Transportation ▪ OKD Other sales ▪ Other revenues 	<ul style="list-style-type: none"> ▪ Coke ▪ Coke by-products ▪ Transportation 	<ul style="list-style-type: none"> ▪ Elimination of internal coking coal sales
Costs included	<ul style="list-style-type: none"> ▪ Material and energy ▪ Services (incl. Transportation) ▪ Personnel 	<ul style="list-style-type: none"> ▪ Material and energy (incl. External and internal coal charge) ▪ Services (incl. Transportation) ▪ Personnel 	<ul style="list-style-type: none"> ▪ Elimination of internal coking coal charge ▪ NWR (Cost center)
Total revenues ¹	EUR 1,356mIn	EUR 342mIn	EUR 1,590mIn
Change in inventories ¹	(EUR 5mIn)	(EUR 29mIn)	(EUR 35mIn)
Total EBITDA ¹	EUR 440mIn	EUR 31mIn	EUR 464mIn

¹ Year 2010

Mining unit costs (MUC)

Unit	EUR/t
Definition	Cash costs incurred in coal mining including overhead costs
Entities included	OKD
Main components (% 2010)	Personnel expenses (40%), Mining material (16%), Energy consumption (12%), Contractors (11%), Spare parts (6%)
Total Coal segment costs reconciliation	MUC × Production + Transportation costs + NWR Karbonia costs

Mining unit costs – cont.

80-90% variable costs Contractors, Mining material, Spare parts, Maintenance

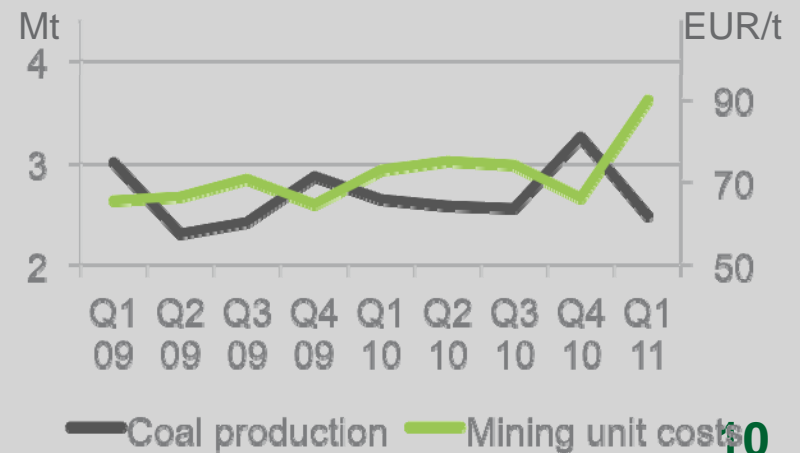
55-65% variable costs Personnel, Energy, Other services

Average Variable 70 : Fixed 30

- **Factors driving unit costs:**

- Mine depth and geology
- Input prices (wage, steel, electricity)
- Intensity of development works
- Various characteristics of coal panels (seam height, length, incline)
- Level of production

MUC vs Production



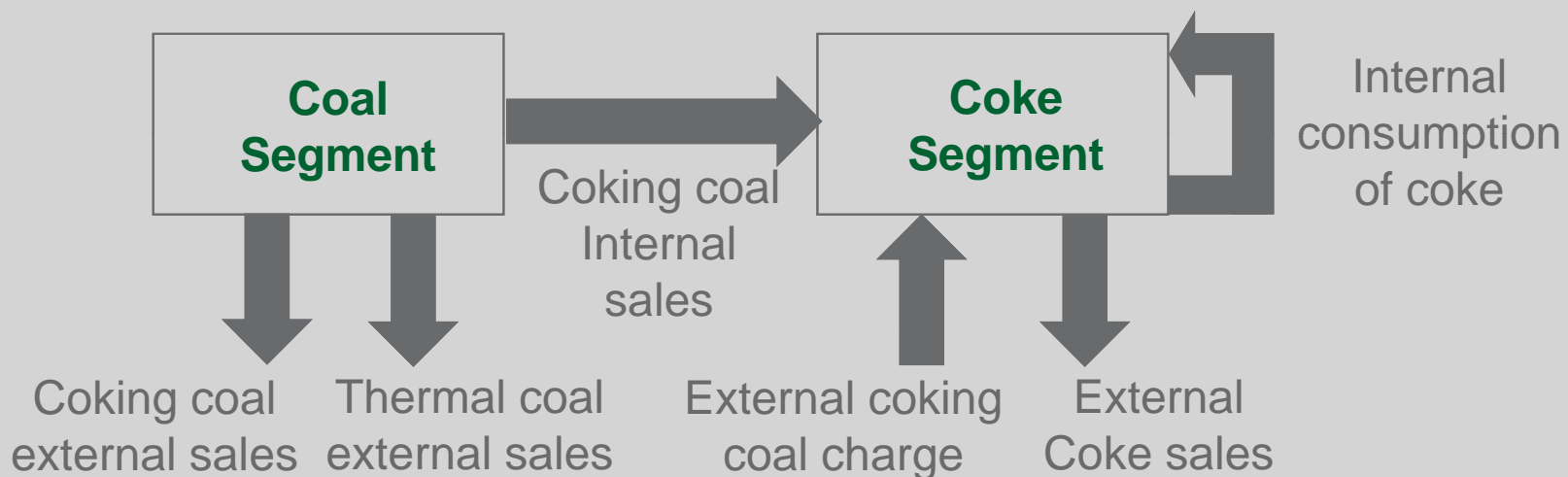
Coke conversion costs (CCC)

Unit	EUR/t
Definition	Cash costs incurred in coke production including overhead costs
Entities included	OKK
Main components (% 2010)	Personnel expenses (29%), Maintenance (22%), Energy consumption (19%), and Other consumption of material (17%)
Total Coke segment costs reconciliation	Production × CCC + Internal and external coal charge ¹ + Transportation costs

¹ Coal charge = Production × Conversion factor (ca 1.3) × Coking coal average market price.

- Fixed : Variable costs split in coke production
 - Conversion costs fixed
 - Coal charge variable

Production-Sales-Inventories



Coal inventories

Start of period → Production – External and internal sales → End of period

Coke inventories

Start of period → Production – External sales – Internal consumption → End of period

Exposure to FX

Costs	Over 90% CZK	Personnel, Contractors, Energy for mining and coking, Maintenance, Other services
	80-90% CZK	Mining material, Spare parts
	50-60% EUR	Transportation
	80-90% EUR	External coal for coke production
	Average 2010	CZK 84 : EUR 16
Revenues	Thermal coal	CZK 52 : EUR 48
	Coking coal (external)	CZK 55 : EUR 45
	Coke	CZK 26 : EUR 74
	Average 2010	CZK 50 : EUR 50

All other things equal, a 1% stronger CZK would decrease 2010 **EBITDA** by 0.8%.

Currency hedging

- NWR's policy is to hedge up to 70% of foreign currency exposure of the Group on a yearly basis.
- NWR has a shortage of CZK as a result of an equal split between EUR and CZK on revenues, while operating costs and CAPEX are mostly CZK denominated.
- The Group currently uses forwards to cover the exposure and applies hedge accounting for such forward currency contracts.
- Currently, hedging is conducted on a yearly basis; In the light of the move to quarterly pricing, NWR is looking closely at quarterly updates of annual hedging.

Financial expenses

- Three main components:

1) Interest expenses on following debt instruments:

- EUR 268mln¹ Bond (7.375% coupon)
- EUR 500mln Bond (7.875% coupon)
- EUR 106mln outstanding bank debt (ECA loan) and
- EUR 100mln RCF (undrawn)

2) FX realised/unrealised gains/losses

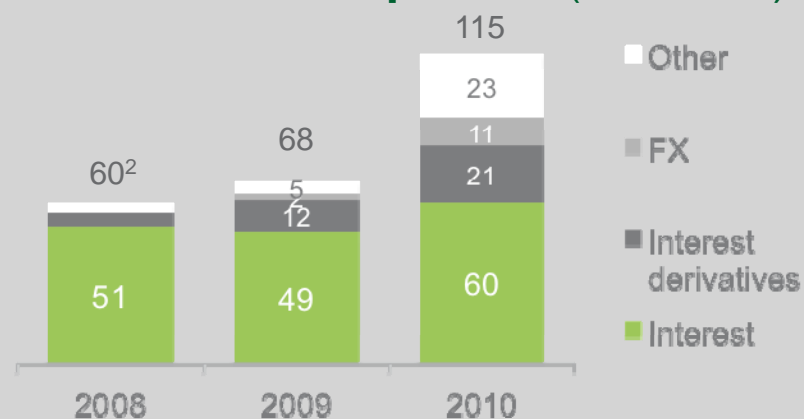
Main drivers:

- Intercompany loans and
- Cash pool/balances

3) Losses/gains on interest derivatives

4) Other

Net financial expenses (EUR mln)



¹ EUR 300mln prior to the partial redemption in October 2009.

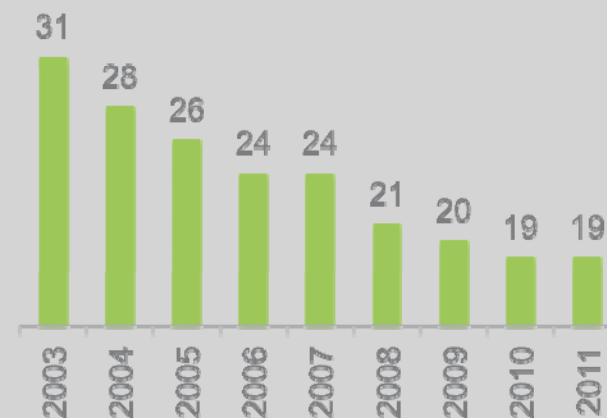
² 2008: Net interest derivatives loss: EUR 32mln, Net FX income: EUR 27mln, Net Other loss: EUR 4mln.

Taxes

- NWR tax situation:
 - NWR is a Dutch tax resident.
 - Operational units (OKD, OKK) are taxed according to Czech tax rules.

- Specifics of Dutch holding company – no tax on dividend or capital gains from subsidiaries

Corporate income tax development in CR (%)

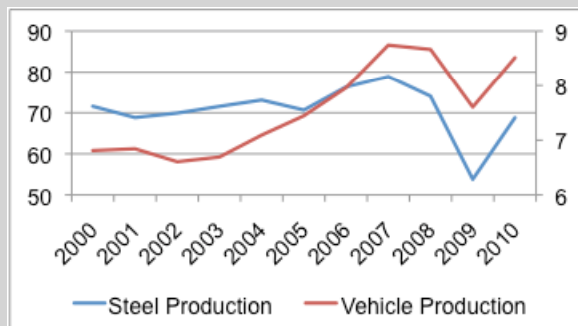
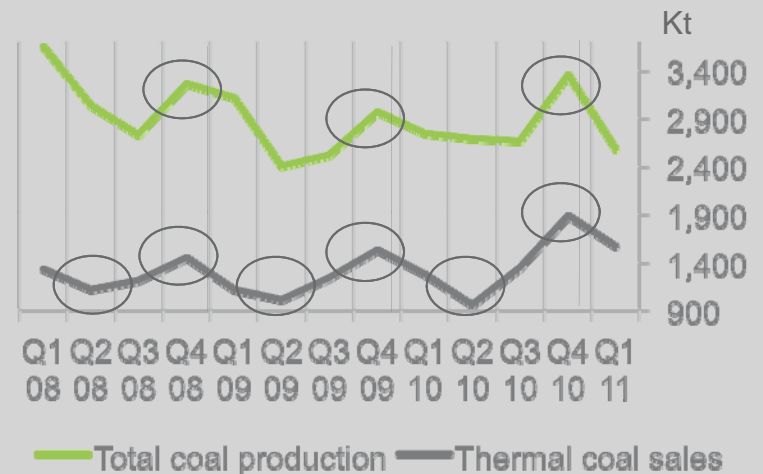


	2008	2009	2010
Effective tax rate	26%	(10%)	21% ¹

¹ Without impact of sale of NWR Energy, and tax reclaim received. 12% including these impacts.

Seasonality & cyclicality

- Seasonality (historical)
 - Q4: Peaks for production and TC sales
 - Q2: Troughs for TC sales
- Cyclicality (historical) – coking coal
 - very close correlation with automotive industry and general economic growth



Vehicle production (RHS, million units) = Czech, Poland, Slovakia, Germany, Austria. Source: International Organisation of Motor Vehicle Manufacturers
 Steel production (LHS, million tonnes) = Czech, Poland, Slovakia, Germany, Austria. Source: World Steel Association
 GDP (RHS, %) = Euro Area. Source: Bloomberg

CAPEX

- Ongoing CAPEX of EUR 200-250mIn for the Czech operations with expected following split for coming years:
 - 1) Ca 70%: Maintenance and technology renewal CAPEX including standard LW replacement cycle (approx. 1 LW every year until 2018)
 - 2) Ca 30% Investments in sustaining production levels and product mix, i.e.. mainly development of deposits adjacent to current operations.

- Growth CAPEX – Debiensko – EUR 411m between 2011 and 2017

	Long wall	Coking battery	Road header
Depreciation cycles	15 years	13 – 30 years	15 years

2011 guidance reminder

Production targets

- 11Mt of coal and 800kt of coke

Sales targets

- External sales volumes of 10.3Mt of coal and 720kt of coke
- Coal sales volumes evenly split between thermal and coking coal

Prices

- Thermal coal priced at EUR 71/t for calendar year 2011
- Coking coal priced quarterly; Q2 2011 average price agreed at EUR 215/t
- Coke priced quarterly; Q2 2011 average price agreed at EUR 400/t

Costs

- Mining unit costs expected to be approx. 10% above 2010 level, on constant FX basis
- Coke conversion unit costs expected to be approx. 15% lower on constant FX basis
- CAPEX requirements of EUR 200 – 250mln p.a. and EUR 50mln for Debiensko in 2011

Note: All the prices are based on assumed exchange rate for CZK/EUR of 24.3. Average contract prices are indicative prices and are subject to a range of factors including, but not limited to, FX fluctuations, quality mix and timing of deliveries.

Summary

- NWR will continue to provide cost guidance through unit costs for both its segments (coal and coke).
- Movements in FX impact both NWR's operating and financial results, NWR mitigates the impact through hedging.
- Generally, quarter is a too short time frame in the mining business, mining plan's smallest unit is a year.

Discussion

Upcoming 2011 regular announcements:

- Q2 Trading update and Q3 Pricing: Mid July
- H1 Results: August 24
- Q3 Trading update and Q4 Pricing: Mid October
- 9M Results: November 16

IR Contacts

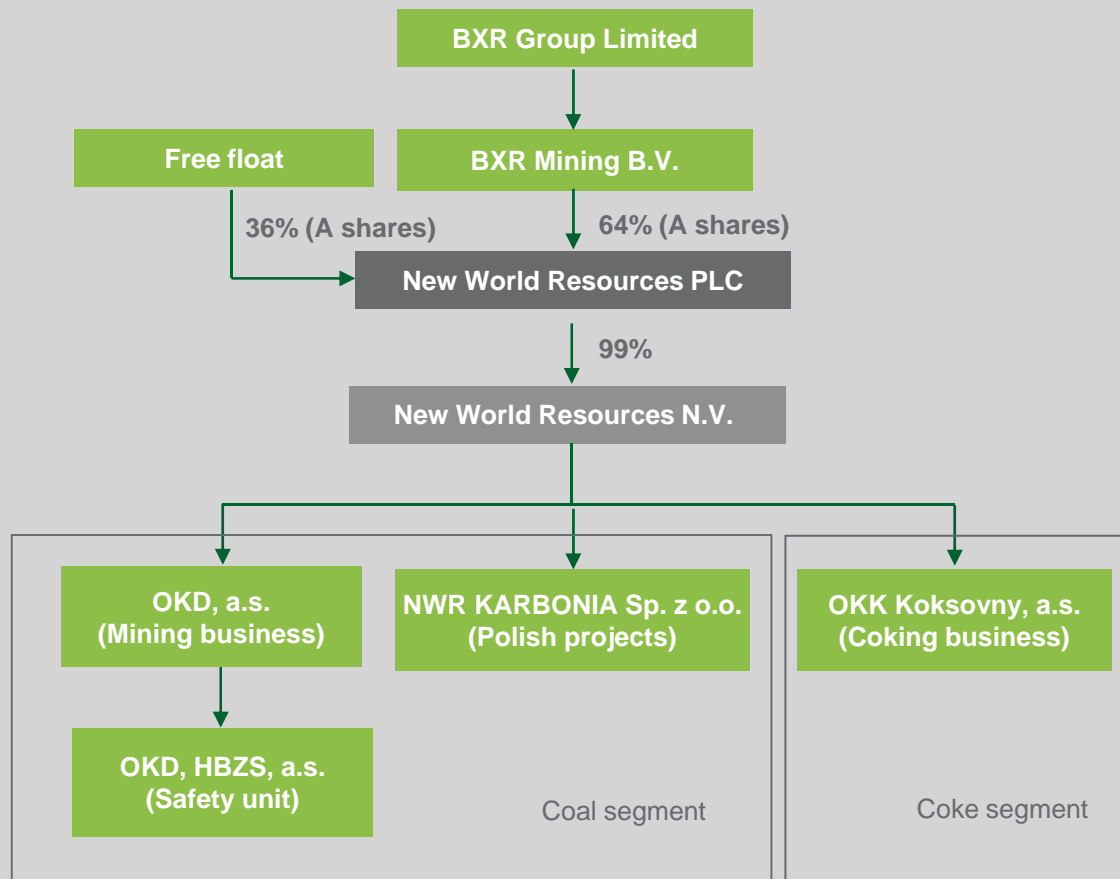
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Appendix

Corporate structure



Corporate structure as of June 21, 2011